HOUSING MARKET INFORMATION

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CANADA MORTGAGE AND HOUSING CORPORATION

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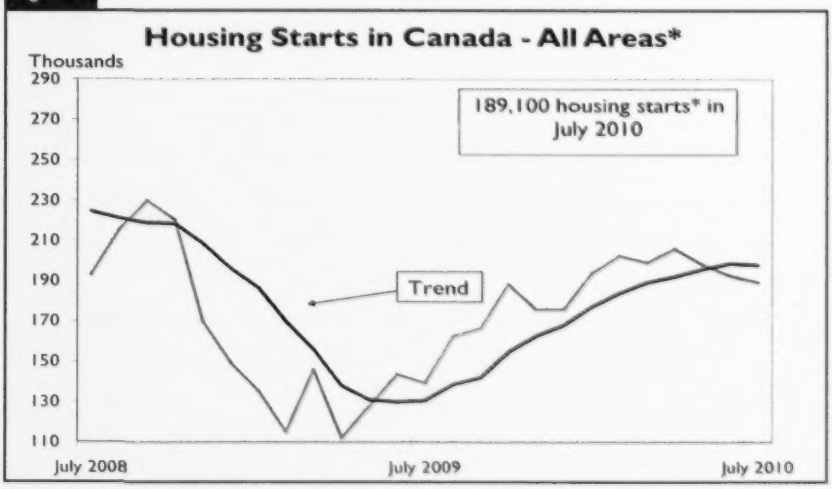
Canadian Market Overview

New Home Market

Housing starts continue to moderate

The revised seasonally adjusted annual rate[1] of housing starts was 189,100 units in July, down about 1.7 per cent from a revised 192,300 units in June. Housing starts decreased during July, largely due to a decrease in urban single starts and a reduction in rural starts. Multiple starts partially offset this moderation. After a robust start to 2010, we expect the pace of housing start activity to moderate and total about 184,900 units by year-end.

Figure 1



Source: CMHC

*Seasonally adjusted at annual rates

[1]All starts figures in this release, other than actual starts, are seasonally adjusted annual rates (SAAR) — that is, monthly figures adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels. By removing seasonal ups and downs, seasonal adjustment makes it possible to highlight the fundamental trends of a series. Reporting monthly figures at annual rates indicates the annual level of starts that would be obtained if the monthly pace was maintained for 12 months. This facilitates comparison of the current pace of activity to annual forecasts as well as to historical annual levels.

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Urban single starts down while multiple starts increased

The seasonally adjusted annual rate of urban starts increased by 1.9 per cent to 169,200 units in July. Urban multiple starts increased by 13.3 per cent to 101,300 units, while single urban starts moved lower by 11.4 per cent to 67,900 units.

Urban starts down in three of five regions

July's seasonally adjusted annual rate of urban starts decreased 14.5 per cent in British Columbia, 2.9 per cent in Ontario, and 0.3 per cent in Quebec. Urban starts increased 37.8 per cent in the Atlantic Region and 14.5 per cent in the Prairie Region.

Rural starts were estimated at seasonally adjusted annual rate of 19,900 units in July.

Total starts year-to-date up over 2009

So far in 2010, actual urban starts are up 49.5 per cent to 95,700 units compared to the same period in 2009. Actual urban single starts are up 59.7 per cent to 44,597 units year-to-date while multiple starts are up 41.6 per cent to 50,473 units year-to-date. Year-to-date actual urban starts are up in all regions of Canada with the B.C. region experiencing the strongest growth.

Growth in new house prices increases in June

The New Housing Price Index (NHPI) rose by 3.3 per cent year-over-year in June, after a 2.9 per cent year-over-year increase in May.

New home prices increased in 18 out of 21 centres in June 2010. The largest increases in the NHPI were in Regina (6.9 per cent), Vancouver (6.5 per cent), and St. John's (6.1 per cent). Two centres posted declines in the NHPI (Victoria (-3.5 per cent) and Charlottetown (-1.8 per cent)), while Windsor recorded no change from last year.

Existing Home Market

MLS®[1] sales down in July

The seasonally adjusted annual rate of MLS® (Multiple Listing Service®) sales was down to 378,432 units in July, compared to 406,032 units in June. Across Canada, existing home sales are down 24.9 per cent compared to July 2009.

MLS® new listings declined in July

The seasonally adjusted annual rate of MLS® new listings in July decreased to 785,448 units, compared to 846,492 units in June. Actual new listings for July 2010 were down 8.2 per cent compared to July 2009.

Balanced market conditions exist across Canada

An indicator of price pressure in the existing home market is the sales-to-new-listings ratio[2]. New listings are a gauge of the supply of existing homes, while MLS® sales are a proxy for demand. July was the fifth month in a row that the sales-to-new-listings ratio for Canada was in balanced market territory at about 48 per cent. The July seasonally adjusted average MLS® price in Canada decreased slightly to $331,834 compared to $332,492 in June. When compared to July 2009, the Canada-wide average MLS® price has increased 2.1 per cent.

Economic conditions

Employment was down by 9,300 in July, pushing the unemployment rate up 0.1 percentage points to 8.0 per cent. Despite the slight decline last month, employment has been trending upward since July 2009 with a total of 393,700 jobs created. A decline in full-time employment (-139,000) in July was largely offset by part-time gains (+129,700). In July, employment decreased in educational services and in finance, insurance, real estate and leasing. Meanwhile, increases were recorded in manufacturing and public administration.

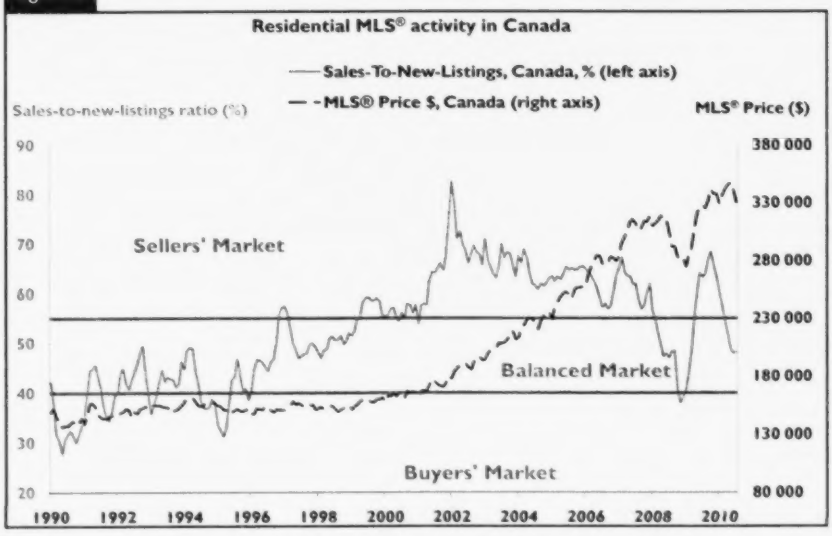
[1]Multiple Listing Service (MLS®) is a registered certification mark owned by the Canadian Real Estate Association

According to Statistics Canada, consumer prices rose 1.8 per cent year-over-year in July, following a 1.0 per cent year-over-year increase in June. The rise in the CPI was due in part to changes in indirect taxes in Nova-Scotia, Ontario and British-Columbia. On a seasonally adjusted monthly basis, consumer prices rose 0.6 per cent in July. Excluding energy, the Consumer Price Index (CPI) advanced 1.3 per cent in July, following a 0.9 per cent increase in June.

On July 20th, the Bank of Canada raised the Target for the Overnight Rate from 0.50 per cent to 0.75 per cent. The Bank noted that while the economic recovery is proceeding, it will take some time. In addition, the Bank announced that inflation was still in its target band of 1 per cent to 3 per cent. Finally, the Bank warned that economic uncertainty may be a factor going forward.

On July 22, the Bank of Canada released its latest Monetary Policy Report. The Bank once again noted that the economic recovery is moving along as expected, but that emphasis on the balance sheets of consumers and governments will likely temper growth moving forward. The report also details that while employment has increased to date, economic uncertainty is likely to soften longer-run employment growth. In addition, the Bank states that inflation is under control and core inflation is expected to be about 2 per cent this year. Overall, the Bank has reduced its Canadian forecast from its previous Monetary Policy Report. Growth is expected to be 3.5 per cent in 2010, 2.9 per cent in 2011, and 2.2 per cent in 2012. Finally, the Bank details that any further reduction in monetary stimulus will have to be weighed against domestic and international conditions. ■

Figure 2



Data are seasonally adjusted and annualized, and cover Canada's major markets
Sources: CMHC, Canadian Real Estate Association (CREA), MLS®

[2]Taking the Canadian MLS® market as a whole, a sales-to-new-listings ratio below 40 per cent has historically accompanied prices that are rising at a rate that is less than inflation, a situation known as a buyers' market. A sales-to-new-listings ratio above 55 per cent is associated with a sellers' market. In a sellers' market, home prices generally rise more rapidly than overall inflation. When the sales-to-new- listings ratio is between these thresholds, the market is said to be balanced.

This Month's Housing Data (SAAR)

Housing starts, units, 000s

	2009	Q4:09	Q1:10	Q2:10	M5:10	M6:10	M7:10
Canada. Total. All areas	**149.1**	**178.4**	**192.9**	**202.4**	**197.9**	**192.3**	**189.1**
Per cent change from previous period	-29.4	15.1	8.1	4.9	-3.8	-2.8	-1.7
Canada. Total. Rural areas	**18.7**	**21.6**	**23.1**	**26.3**	**27.9**	**26.3**	**19.9**
Per cent change from previous period	-21.0	20.0	6.9	13.9	17.2	-5.7	-24.3
Canada. Total. Urban areas	**130.4**	**156.8**	**169.8**	**176.1**	**170.0**	**166.0**	**169.2**
Per cent change from previous period	-30.4	14.5	8.3	3.7	-6.5	-2.4	1.9
Canada. Single. Urban areas	**60.5**	**79.0**	**86.3**	**81.4**	**76.4**	**76.6**	**67.9**
Per cent change from previous period	-18.7	25.0	9.2	-5.7	-18.2	0.3	-11.4
Canada. Multiple. Urban areas	**69.8**	**77.8**	**83.5**	**94.7**	**93.6**	**89.4**	**101.3**
Per cent change from previous period	-38.2	5.4	7.3	13.4	5.8	-4.5	13.3
Newfoundland. Total. All areas	**3.1**	**3.6**	**5.4**	**4.2**	**4.5**	**4.5**	**3.3**
Per cent change from previous period	-6.3	24.1	50.0	-22.2	-16.7	0.0	-26.7
Prince Edward Island. Total. All areas	**0.9**	**1.2**	**0.5**	**1.0**	**1.5**	**1.0**	**0.8**
Per cent change from previous period	23.2	50.0	-58.3	100.0	36.4	-33.3	-20.0
Nova Scotia. Total. All areas	**3.4**	**3.5**	**4.4**	**4.4**	**6.0**	**3.2**	**5.8**
Per cent change from previous period	-13.7	-22.2	25.7	0.0	53.8	-46.7	81.3
New Brunswick. Total. All areas	**3.5**	**3.6**	**4.5**	**3.6**	**4.4**	**4.7**	**6.1**
Per cent change from previous period	-17.6	5.9	25.0	-20.0	-27.9	6.8	29.8
Quebec. Total. All areas	**43.4**	**46.8**	**52.5**	**54.9**	**50.1**	**54.5**	**52.9**
Per cent change from previous period	-9.4	0.6	12.2	4.6	-6.0	8.8	-2.9
Ontario. Total. All areas	**50.4**	**60.2**	**59.7**	**64.9**	**66.3**	**56.1**	**53.2**
Per cent change from previous period	-32.9	23.1	-0.8	8.7	2.2	-15.4	-5.2
Manitoba. Total. All areas	**4.2**	**4.1**	**5.1**	**5.8**	**5.0**	**8.1**	**9.7**
Per cent change from previous period	-24.6	-18.0	24.4	13.7	-32.4	62.0	19.8
Saskatchewan. Total. All areas	**3.9**	**5.3**	**5.1**	**5.1**	**4.4**	**6.2**	**5.3**
Per cent change from previous period	-43.4	15.2	-3.8	0.0	-22.8	40.9	-14.5
Alberta. Total. All areas	**20.3**	**28.8**	**28.5**	**32.0**	**29.7**	**27.0**	**29.2**
Per cent change from previous period	-30.4	33.3	-1.0	12.3	0.7	-9.1	8.1
British Columbia. Total. All areas	**16.1**	**21.3**	**27.2**	**26.5**	**26.0**	**27.0**	**22.8**
Per cent change from previous period	-53.2	26.8	27.7	-2.6	-8.5	3.8	-15.6

SOURCE: CMHC, Starts and Completions Survey. All data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

This Month's Housing Data, continued (SAAR)*

	2009	Q4:09	Q1:10	Q2:10	M5:10	M6:10	M7:10
Canada. Total. Urban areas	130.4	156.8	169.8	176.1	170.0	166.0	169.2
Newfoundland. Total. Urban areas	2.0	2.2	2.6	2.6	2.4	2.5	1.7
Prince Edward Island. Total. Urban areas	0.7	1.0	0.4	0.8	1.2	0.8	0.6
Nova Scotia. Total. Urban areas	2.8	2.8	3.8	3.4	4.8	2.2	5.2
New Brunswick. Total. Urban areas	2.6	2.7	3.1	2.7	3.2	3.5	4.9
Quebec. Total. Urban areas	37.0	39.2	46.1	46.5	41.5	47.1	46.9
Ontario. Total. Urban areas	47.9	57.4	56.6	61.4	63.0	52.5	51.0
Manitoba. Total. Urban areas	2.8	2.7	3.5	3.7	2.6	5.6	8.4
Saskatchewan. Total. Urban areas	2.9	4.1	4.1	3.9	3.2	4.6	4.1
Alberta. Total. Urban areas	17.7	26.4	25.4	27.8	25.7	23.7	26.3
British Columbia. Total. Urban areas	13.8	18.3	24.2	23.3	22.4	23.5	20.1

* Thousands of units, quarterly and monthly data are seasonally adjusted and annualized

This Month's Major Housing Indicators

	2009	Q4:09	Q1:10	Q2:10	M5:10	M6:10	M7:10
New Housing							
New & unoccupied singles & semis, units 000s	7.4	5.7	5.3	5.4	5.5	5.2	4.9
Per cent change from same period previous year	-1.9	-32.8	-40.2	-36.3	-35.4	-34.4	-34.8
New & unoccupied row & apartments, units 000s	12.3	12.9	13.5	13.4	12.9	13.9	13.9
Per cent change from same period previous year	29.4	22.1	19.9	11.7	8.1	11.8	8.2
New House Price Index, 1997=100	154.6	155.4	156.8	n.a.	158.0	158.2	n.a.
Per cent change from same period previous year	-2.3	-1.5	0.9	n.a.	2.9	3.3	n.a.
Existing Housing							
MLS® resales*, units 000s	465.3	538.7	518.6	449.9	444.1	406.0	378.4
Per cent change from same period previous year	7.7	57.9	46.2	-2.3	-4.3	-18.3	-24.9
MLS® average resale price, 000s**	320.3	341.6	342.0	339.3	340.2	332.5	331.8
Per cent change from same period previous year	5.0	19.9	19.3	9.0	9.4	5.2	2.1
Mortgage Market							
Posted 1-Year Mortgage Rate, % (period average)	4.02	3.67	3.60	3.70	3.70	3.60	3.50
Posted 5-Year Mortgage Rate, % (period average)	5.63	5.64	5.58	6.04	5.99	5.89	5.79

SOURCE: CMHC, Statistics Canada, Bank of Canada, The Canadian Real Estate Association

n.a. Figures not available

* Quarterly and monthly data are seasonally adjusted and annualized (SAAR).

** Annual data is actual. Monthly and quarterly data is seasonally adjusted.

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